

Message Text

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ORIGIN PM-04

INFO OCT-01 ADP-00 /005 R

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DRAFTED BY: PM/ MAS- JLCLUNAN

APPROVED BY: PM/ MAS- CHRISTIAN CHAPMAN

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R 141632 Z MAY 73

FM SECSTATE WASHDC

TO AMEMBASSY SANTO DOMINGO

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FOLLOWING SENT ACTION NEW DELHI FROM SECSTATE MAY 02 REPEATED
YOU:

QUOTE

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E. O.11652: N/ A

TAGS: MASS, US, PK, IN

SUBJECT: SALE OF SHIPS ON LOAN/ LEASE

1. FOLLOWING IS TEXT OF STATE 190667 OF OCTOBER 19,
1972: " FOR SOME TIME IT HAS BEEN CLEAR THAT SHIP LOAN/
LEASE PROGRAMS WERE COMING UNDER INCREASINGLY CRITICAL
SCRUTINY BY CONGRESS, AND THAT AFTER OVER TWO DECADES,
THEY NEEDED TO BE REVIEWED AND BROUGHT MORE INTO LINE
WITH PRESENT POLICY. AS A RESULT, IT HAS BEEN DECIDED
THAT TO EXTENT POSSIBLE, WE WOULD HENCEFORTH SELL RATHER
THAN LOAN OR LEASE VESSELS, AND THAT WE WOULD OFFER FOR
SALE AS MANY SHIPS AS POSSIBLE NOW ON LOAN OR LEASE
WHICH ARE IN EXCESS OF USN REQUIREMENTS. (USN HAS
DETERMINED THAT APPROXIMATELY 85 OF SUCH SHIPS COULD BE
STRUCK FROM NAVAL VESSEL REGISTER.)

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2. LAST WEEK, CNO (OP 63) INFORMED NAVY SECTIONS OF CERTAIN MAAG' S/ MILGPS OF THIS PLAN TO SELL LOANED/ LEASED VESSRLSANDREQUESTED NAVY SECTIONS UNOFFICIAL- LY SOUND OUT HOST COUNTRIES REACTIONS.

3. WE SHALL SEND YOU IMPLEMENTING INSTRUCTIONS, BUT IN MEANTIME WANTED TO GIVE YOU BACKGROUND AND RATIONALE FOR THIS ACTION. BRIEFLY THESE ARE THE REASONS: (A) SUCH POLICY REFLECTS STATED DESIRE NUMBER OF BORROWERS; (B) IT

WOULD END BORROWER/ LENDER RELATIONSHIP WHICH HAS AT TIMES BEEN TROUBLESOME; (C) IT WOULD PLACE SHIP TRANSFERS ON MORE LOGICAL AND ACCEPTABLE BASIS IN TERMS CONGRESSIONAL AND PUBLIC SUPPORT; (D) IT WOULD ENCOURAGE SELF- RELIANCE ON PART RECIPIENTS WHO COULD THEN FULLY INTEGRATE UNITS INTO THEIR INVENTORIES AND BUDGETARY PROCESSES, THUS AVOIDING ELEMENT UNCERTAINTY POSED BY EVEN REMOTE POSSIBILITY OF RECALL; (E) IT WOULD SIMPLIFY ADMINISTRATION OF PROGRAM WITH CORRESPONDING SAVINGS TO BOTH USG AND BORROWER.

4. WE PLAN TO SELL AS MANY EXCESS VESSELS AS POSSIBLE ON WORLDWIDE BASIS. WE DO NOT PLAN TO PRESS FOR IMMEDIATE PURCHASE, BUT RATHER AT DATE NO LATER THAN EXPIRATION DATE OF LOANS. IN THIS WAY, PURCHASES COULD BE SPREAD OVER PERIOD OF A FEW YEARS, AS WE WANT TO MINIMIZE FINANCIAL IMPACT WHICH FOR CERTAIN COUNTRIES COULD BE SIGNIFICANT EVEN THOUGH PRICES ARE SET AT MODEST LEVELS. " ROGERS

UNQUOTE RUSH

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NMAFVVZCZ

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